

**Statement of
The Honorable Ginny Brown-Waite
Before
The House Veteran's Affairs
Benefits Subcommittee
April 29, 2004
RE: HR 4065, the Veterans Housing Affordability Act**

Introduction:

Mr. Chairman and members of the committee, I am pleased to have the opportunity to discuss legislation I recently introduced to preserve a very important benefit for all veterans. The **Veterans Housing Affordability Act, H.R. 4065** is a good government solution which will assist veterans across the nation at a very minimal cost to tax payers.

Benefits of Home Ownership:

As members of the committee know, homeownership is one of the main building blocks of strong communities and a strong economy. A home is the largest financial investment most American families will ever make, and it allows them to build financial security as the equity in their home increases. Moreover, this tangible asset provides a family with borrowing power to finance important needs, such as the education of their children. It is a nest egg with very reliable and significant returns on investment.

Utilization of the VA Home Loan Program:

VA has been providing home loan guarantees to men and women who served our country since 1944. Under this program the veteran purchases a home through a private lender and the VA guarantees to pay the lender a portion (usually 25%) of the loss if the veteran defaults on the loan. Because of this benefit, millions of veterans have been able to realize the American Dream of owning their own home.

Since its inception in 1944, VA has guaranteed \$748 billion in loans for 16.9 million homes. In 2002, VA guaranteed more than \$40.1 billion in loans to finance the purchase or refinance 317,250 homes. This program has been a tremendous asset to veterans and their families at minimal cost to the government.

Need for VA Home Loan Guarantee Increase:

The first decade of the 21st Century has been one of expansive growth in home values. For homeowners this has been a tremendous boon, they have seen their tangible assets increase in value. In some regions, home values have almost doubled in the last five years.

However, those not fortunate enough to already be a homeowner are facing daunting prices for entry-level homes. In New Jersey, median housing prices hover in the \$300,000 to \$400,000 range. The same is true for other regions throughout the country:

in Connecticut, California, Washington, Virginia, Maryland, Illinois, and Florida, as well as many other states not named.

Many soldiers postpone homeownership until after they are out of the service. In very real terms, as median housing prices rise, the VA Home Loan benefit decreases. There is no current mechanism in place for the maximum loan amount to adjust to reflect prevailing market conditions. The rising housing market erodes the purchasing power of the VA Home Loan. Depending on where the veteran lives, \$240,000 is simply insufficient to meet their housing needs when they do decide to purchase. This is simply wrong. At the very least, we owe our veterans the same chance at the American Dream after their service as they had the day they enlisted.

H.R. 4065 preserves the VA Home Loan Guarantee Benefit:

H.R. 4065, the **Veterans Housing Affordability Act**, indexes the maximum VA guarantee amount to 25% of 90% of the Freddie Mac Conforming Loan Rate (FMCLR). If my bill were to pass, the prevailing VA loan limit would be \$300,330 in 2004 and would continue to adjust to the market and to the housing needs of veterans.

Conclusion:

We are all proud of the men and women who serve our nation, past and present. I hope that you will agree that the value of their benefit should not vary depending on where they live or when they purchase a home. This legislation is important and timely and I hope I can earn the committee's support for this bill. I also want to thank the Chairman for his leadership on veterans' benefits and for the opportunity to participate at this hearing.